

**LORIS HOSPITAL DISTRICT
D/B/A LORIS EXTENDED CARE FACILITY**

LORIS, SOUTH CAROLINA

**CONTRACT PERIODS
BEGINNING OCTOBER 1, 1995
AC# 3-LRS-J4**

**REPORT ON CONTRACT
FOR
PURCHASE OF NURSING CARE SERVICES
WITH
STATE OF SOUTH CAROLINA
DEPARTMENT OF HEALTH AND HUMAN SERVICES**

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

August 20, 1999

Department of Health and Human Services
State of South Carolina
Columbia, South Carolina

We have performed the procedures described below, which were agreed to by the South Carolina Department of Health and Human Services, solely to compute the rate change and related adjusted reimbursement rate to be used by the Department in determining the reimbursement settlement with Loris Hospital District d/b/a Loris Extended Care Facility, for the contract periods beginning October 1, 1995 and for the twelve month cost report period ended September 30, 1994, as set forth in the accompanying schedules. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the Department of Health and Human Services. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and the associated findings are as follows:

1. We tested selected costs or areas based on our analytical procedures applied to the reimbursable Medicaid program costs as shown on the Financial and Statistical Report for Nursing Homes, as filed by Loris Hospital District d/b/a Loris Extended Care Facility, to determine if these costs were allowable as defined by the State Plan for Medicaid reimbursement purposes and supported by accounting and statistical records maintained by the provider. Our findings as a result of these procedures are presented in the Adjustment Report, Summary of Costs and Total Patient Days and Cost of Capital Reimbursement Analysis sections of this report.
2. We recomputed the Computation of Reimbursement Rate using the adjusted costs and calculated the rate change in accordance with the provisions of the contract between the Department of Health and Human Services and Loris Hospital District d/b/a Loris Extended Care Facility dated as of October 1, 1994 as amended. Our findings as a result of these procedures are presented in the Computation of Rate Change and Computation of Adjusted Reimbursement Rate sections of this report.

Department of Health and Human Services
State of South Carolina
August 20, 1999

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the South Carolina Department of Health and Human Services and is not intended to be and should not be used by anyone other than the specified party.

Thomas L. Wagner, Jr., CPA
State Auditor

LORIS HOSPITAL DISTRICT
D/B/A LORIS EXTENDED CARE FACILITY

Computation of Rate Change
For the Contract Periods
Beginning October 1, 1995
AC# 3-LRS-J4

	10/01/95- <u>09/30/96</u>
Adjusted reimbursement rate	\$89.06
Interim reimbursement rate (1)	<u>88.91</u>
Increase in reimbursement rate	\$ <u><u>.15</u></u>

(1) Interim reimbursement rate from the South Carolina Medicaid Management Information System (MMIS) Provider Rate Listing dated December 8, 1998

LORIS HOSPITAL DISTRICT
D/B/A LORIS EXTENDED CARE FACILITY
 Computation of Adjusted Reimbursement Rate
 For the Contract Periods October 1, 1995 Through September 30, 1996
 AC# 3-LRS-J4

	<u>Profit Incentive</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services	\$ -	\$47.39	\$40.58	\$40.58
Dietary	<u>.03</u>	<u>9.18</u>	<u>9.21</u>	<u>9.18</u>
Subtotal	\$ <u>.03</u>	56.57	49.79	49.76
Laundry/Housekeeping/Maint.	\$ -	9.00	7.21	7.21
Administration & Med. Rec.	<u>-</u>	<u>12.55</u>	<u>8.37</u>	<u>8.37</u>
Subtotal	\$ <u>-</u>	78.12	\$ <u>65.37</u>	65.34
<u>Costs Not Subject to Standards:</u>				
Utilities		2.38		2.38
Special Services		-		-
Medical Supplies & Oxy.		6.81		6.81
Taxes and Insurance		.59		.59
Legal Fees		<u>.13</u>		<u>.13</u>
TOTAL		<u>\$88.03</u>		75.25
Inflation Factor (6.30%)				4.74
Cost of Capital				9.04
Cost of Capital Limitation				-
Profit Incentive (Max. 3.5% of Allowable Cost)				-
Cost Incentive - For Gen. Serv. & Dietary				.03
Effect of \$1.50 Cap on Cost/Profit Incentives				<u>-</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$89.06</u>

LORIS HOSPITAL DISTRICT
D/B/A LORIS EXTENDED CARE FACILITY
 Summary of Costs and Total Patient Days
 For the Cost Report Period Ended September 30, 1994
 AC# 3-LRS-J4

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	Adjustments		<u>Adjusted Totals</u>
		<u>Debit</u>	<u>Credit</u>	
General Services	\$1,467,985	\$ 16,817 (1)	\$ -	\$1,484,802
Dietary	283,670	4,008 (1)	-	287,678
Laundry	30,594	2,059 (1)	-	32,653
Housekeeping	141,474	-	1,185 (1)	140,289
Maintenance	90,160	19,023 (1)	-	109,183
Administration & Medical Records	352,331	41,008 (1)	-	393,339
Utilities	73,172	1,318 (1)	-	74,490
Special Services	253	148,944 (1)	149,088 (2)	109
Medical Supplies & Oxygen	204,460	8,963 (1)	-	213,423
Taxes & Insurance	28,396	-	9,858 (1)	18,538
Legal Fees	-	4,085 (1)	-	4,085
Cost of Capital	282,608	162 (3) 7,299 (4)	6,899 (1)	283,170
Subtotal	2,955,103	253,686	167,030	3,041,759

LORIS HOSPITAL DISTRICT
D/B/A LORIS EXTENDED CARE FACILITY
Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 1994
AC# 3-LRS-J4

<u>Expenses</u>	Totals (From Schedule SC 13) as Adjusted by DH&HS	Adjustments <u>Debit</u>	<u>Credit</u>	Adjusted <u>Totals</u>
Ancillary	40,698	-	40,620 (1)	78
Non-Allowable	85,489	69,529 (1)	162 (3)	296,645
	<u> </u>	<u>149,088</u> (2)	<u>7,299</u> (4)	<u> </u>
Total Operating Expenses	<u>\$3,081,290</u>	<u>\$472,303</u>	<u>\$215,111</u>	<u>\$3,338,482</u>
Total Beds	<u> 88</u>		Total Patient Days	<u> 31,332</u>

LORIS HOSPITAL DISTRICT
D/B/A LORIS EXTENDED CARE FACILITY
Adjustment Report
Cost Report Period Ended September 30, 1994
AC# 3-LRS-J4

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	General Services	\$ 16,817	
	Dietary	4,008	
	Laundry	2,059	
	Maintenance	19,023	
	Administration and Medical Records	41,008	
	Utilities	1,318	
	Medical Supplies	8,963	
	Legal	4,085	
	Special Services	148,944	
	Nonallowable	69,529	
	Housekeeping		\$ 1,185
	Taxes and Insurance		9,858
	Cost of Capital		6,899
	Ancillary		40,620
	Other Equity		257,192
	To adjust cost centers to amounts per the audited BC/BS cost report HIM-15-1, Section 2300		
2	Nonallowable	149,088	
	Special Services		149,088
	To remove special (ancillary) services reimbursed by Medicare State Plan, Attachment 4.19D		
3	Cost of Capital	162	
	Nonallowable		162
	To adjust depreciation to comply with the capital cost policy State Plan, Attachment 4.19D		

LORIS HOSPITAL DISTRICT
D/B/A LORIS EXTENDED CARE FACILITY
 Adjustment Report
 Cost Report Period Ended September 30, 1994
 AC# 3-LRS-J4

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
4	Cost of Capital Nonallowable	7,299	7,299
	To adjust capital return to allowable State Plan, Attachment 4.19D		
	TOTAL ADJUSTMENTS	<u>\$472,303</u>	<u>\$472,303</u>

Due to the nature of compliance reporting, adjustment descriptions and references contained in the preceding Adjustment Report are provided for general guidance only and are not intended to be all-inclusive.

LORIS HOSPITAL DISTRICT
D/B/A LORIS EXTENDED CARE FACILITY
 Cost of Capital Reimbursement Analysis
 For the Cost Report Period Ended September 30, 1994
 AC# 3-LRS-J4

Original Asset Cost (Per Bed)	\$ 15,618
Inflation Adjustment	<u>1.9778</u>
Deemed Asset Value (Per Bed)	30,889
Number of Beds	<u>88</u>
Deemed Asset Value	2,718,232
Improvements Since 1981	10,233
Accumulated Depreciation at 9/30/94	<u>(255,972)</u>
Deemed Depreciated Value	2,472,493
Market Rate of Return	<u>0.072</u>
Total Annual Return	178,019
Return Applicable to Non-Reimbursable Cost Centers	-
Allocation Interest to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Annual Return	178,019
Depreciation Expense	110,863
Amortization Expense	-
Capital Related Income Offsets	(5,712)
Allocation of Capital Expenses to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Cost of Capital Expense	283,170
Total Patient Days	<u>31,332</u>
Cost of Capital Per Diem	\$ <u><u>9.04</u></u>